

DAIRY INSTITUTE
of California

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September 14, 2004

A.G. Kawamura, Secretary
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

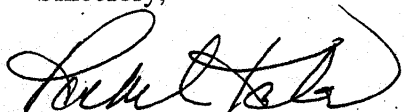
Dear Secretary Kawamura:

Dairy Institute of California is a trade association representing a majority of the fluid milk processors, cultured and frozen product manufacturers and cheese manufacturers in the state. We are writing this letter in support of Land O' Lake's request for a hearing on the Class 4b pricing formula.

Cheese manufacturers in California are facing many challenges in the form of competitive pressures from cheesemakers located in unregulated areas of the country and higher costs of doing business in California. Cheese manufacturers have left the state, and investors in new cheese plants are bypassing California in favor of other states.

We believe that changes to the Class 4b formula are needed as soon as possible. We also understand that others feel that we should wait to have a hearing when new cost data is available, sometime in early November. While we do believe that the need for adjustments to Class 4b pricing is urgent, the Department could ensure that the new manufacturing cost data is taken into account by setting the hearing date sometime in mid to late November 2004, after the cost data becomes available.

Sincerely,



Rachel Kaldor
Executive Director

cc David Ikari
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